

FIRST AMENDMENT TO THE REPORT AND DECISION ON THE CHAUNCY HOUSE PROJECT UNDER MASSACHUSETTS GENERAL LAWS (Ter. Ed.) CHAPTER 121A AND CHAPTER 652 OF THE ACTS OF 1960, BOTH AS AMENDED

A. Prior to Actions. Reference is made to the following:

1. On April 19, 1973, the Boston Redevelopment Authority (the "Authority") voted to adopt a Report and Decision (the "Report and Decision") on a project known as Chauncy House (the "Project"). Such vote was approved by the Mayor of the City of Boston on May 1, 1973 and the vote as approved was filed with the Clerk of the City of Boston on May 8, 1973 (the later date is hereinafter referred to as the "Approval Date"). The Project, as described in the Report and Decision, consisted of an eleven story building at the corner of Chauncy and Essex Streets in the Chinatown Section of Boston, containing 87 housing units with 5,500 square feet of ancillary-commercial space. The Project was financed under the Section 236 program of the the Department of Housing and Urban Development.

2. On June 1, 1975, a certain agreement under Chapter 121A, Section 6A, was executed by and between the Chauncy House Company, a Massachusetts limited partnership and the designated Chapter 121A entity in the Report and Decision (the "Chauncy House Partnership"), and the City of Boston (the "6A Contract").

B. Application for First Amendment. By an Application for a First Amendment to the Report and Decision, dated as of May 9, 1989, filed on behalf of the Chauncy House Partnership, by Walter K. Winchester and John R. Gallagher, III, its General Partners, with Exhibit "A", "B" and "C" attached thereto (the "First Amendment Application"), approval of a certain amendment to the Section 6A Contract was requested. The First Amendment Application in its entirety is incorporated as a part hereof by reference.

C. Authority Action. In acting hereunder the Authority has considered the First Amendment Application itself, all documents and exhibits filed therewith and/or referred to therein, and other materials, sufficient in the Authority's judgement to enable it to act hereunder.

D. Decision: The Authority hereby acts as follows:

1. Approval. The First Amendment Application is hereby approved and the Report and Decision is hereby amended to the extent hereinafter set forth. If there is an inconsistency between the First Amendment Application and this document (the "First Amendment"), the provisions of the First Amendment shall govern.

2. 6A Contract Amendment. The Authority hereby approves, and accordingly authorizes the execution of, an amendment to the 6A Contract, in substantially the form as attached hereto, with such other terms and conditions, not inconsistent therewith, that the Commissioner of Assessing of the City of Boston may deem necessary.

3. Rules and Regulations. Notwithstanding the minimum standards for financing, construction, maintenance and management of the Project and any other rules and regulations, as set forth in the Report and Decision, the Authority hereby imposes as additional rules and regulations the following: (a) the Project, as authorized and developed in accordance with the Report and Decision, included residential housing units and retail-commercial space on a leased or rental basis and there shall be no conversion of the Project to either a condominium or cooperative form of ownership without the prior approval of the Authority; (b) the Chauncy House Partnership shall enter into with the City of Boston the 6A Contract Amendment referred to in D(2) above; and (c) the Chauncy House Company Partnership shall enter into with the Authority a Regulatory Agreement, which incorporates the approvals and requirements of this First Amendment and may contain such other terms and conditions, not inconsistent with this First Amendment, as determined by the Authority's Director.

4. In the event any provisions of this First Amendment shall be held invalid or unenforceable on its face or as applied by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

ATTACHMENT TO FIRST AMENDMENT TO REPORT & DECISION

AMENDMENT OF AGREEMENT

UNDER MASSACHUSETTS GENERAL LAWS CHAPTER 121A, SECTION 6A

BETWEEN THE CITY OF BOSTON

AND

CHAUNCY HOUSE COMPANY

On June 1, 1975, Chauncy House Company, a Massachusetts limited partnership, (the "Owner") and the City of Boston, a municipal corporation of The Commonwealth of Massachusetts (the "City"), acting under Massachusetts General Laws Chapter 121A, Section 6A, entered into a certain agreement with respect to payments to be made to the Commonwealth of Massachusetts and the City of Boston in lieu of real estate taxes, in connection with the approval by the Boston Redevelopment Authority (the "Authority") and the City's Mayor of the rehabilitation of the building described therein into 87 dwelling units and ancillary commercial space as a Project under Chapter 121A of the Massachusetts General Laws, (the "6A Contract"). Collectively, the Owner and the City are hereinafter referred to as the "Parties".

The Parties desire to amend the contract commencing with calendar year 1987. Therefore, for good and valuable consideration, the receipt of which is hereby acknowledged, the Parties hereto agree as follows:

1. On page 3 of the 6A Contract, Section 1(d), after the first full paragraph on said page insert the following paragraphs:

"In no event, however, shall the Owner be required to pay pursuant to Chapter 121A, Section 6A, more for any calendar year commencing with calendar year 1987 than the amount which would have been payable to the City of Boston had the real estate and improvements thereon in the Project Area not been exempted from taxation, except that the minimum amount payable under the provisions of this paragraph (d) for each such year shall be ten percent (10%) of gross income in such year.

Any reduction in taxes as a result of this Amendment shall be used, in full, to (i) amortize the cost of the installation of a sprinkler system in each apartment unit in the Project as required by the City of Boston; (ii) to amortize the cost of any further improvements to the Project designed to provide for increased safety or improved living conditions for its residents, either mandated by laws of any governmental agency or by prudent management practices, and (iii) above, to reduce the per unit rental cost to residents on a pro rata basis. It is understood and agreed that the full amount of the savings to Owner resulting from this

Amendment will inure to the benefit of Project residents as set forth above.

Owner agrees to provide the City of Boston (c/o Boston Redevelopment Authority) with a duplicate copy of its annual financial statements, certified by an independent accountant, at the same time and in the same form as required by the U.S. Department of Housing and Urban Development in connection with its Section 236 government assisted projects."

2. All other terms and conditions of the 6A Agreement remain in full force and effect.

Except as herein amended, the contract is hereby ratified and affirmed.

Executed under seal this ____ day of _____, ____.

CHAUNCY HOUSE COMPANY

By:

Walter K. Winchester
General Partner

By:

John R. Gallagher, III
General Partner

CITY OF BOSTON

By:

Raymond L. Flynn, Mayor

APPROVED AS TO FORM:

Corporation Counsel
City of Boston

DATE: _____

APPROVED BY COMMISSIONER OF ASSESSING
CITY OF BOSTON

Thaddeus J. Jankowski, Jr.

DATE: _____

MEMORANDUM

MAY 25, 1989

TO: BOSTON REDEVELOPMENT AUTHORITY AND
STEPHEN COYLE, DIRECTOR

FROM: KEVIN J. MORRISON, DEPUTY GENERAL COUNSEL
MARK S. BRESSLER, ASSISTANT GENERAL COUNSEL

SUBJECT: FIRST AMENDMENT TO REPORT AND DECISION
THE CHAUNCY HOUSE CHAPTER 121A PROJECT

EXECUTIVE

SUMMARY: The proposed First Amendment to the Report and Decision on the Chauncy House Chapter 121A Project authorizes a certain amendment to the existing 6A Contract with the City of Boston, which would reduce the payment in-lieu of tax formula thereunder and there are no other proposed changes to the project.

The Chauncy House Project (the "Project") consists of an eleven story building located at the corner of Chauncy and Essex Streets in the Chinatown section of Boston. The Project, financed and insured under Section 236 of the National Housing Act, contains 87-dwelling units, of which 22 are studio apartments and 65 are one bedroom units. The Project also contains 5,500 square feet of commercial space. The Report and Decision on the Project was adopted by vote of the Authority on April 19, 1973. Such vote was approved by the Mayor on May 1, 1973, and the vote as so approved was filed with the City Clerk on May 8, 1973.

The Chauncy House Company, a Massachusetts limited partnership that developed and still owns the Project (the "Chauncy House Partnership"), has recently incurred costs of approximately \$225,000 in connection with the installation of a sprinkler system in each apartment unit within the Project. Since the Project is a Department of Housing and Urban Development ("HUD")-assisted Section 236 development, all increases in operating expenses are the responsibility of the tenants, and such costs are passed onto the tenants in the form of rent increases.

Representatives of the Chauncy House Partnership have requested an amendment to the existing 6A Contract with the City of Boston. Presently, the 6A Contract mandates a payment formula of 17% of gross income which represents a cost of \$905 per apartment unit. In a letter to the Authority, dated March 30, 1988, the Chauncy House Partnership contends that the per unit real estate taxes for certain non-121A developments financed by the Massachusetts Housing Finance Agency ("MHFA") are less than half the amount imposed under Section 6A for this Project, based upon an analysis prepared by MHFA in 1984.

The Chauncy House Partnership has requested that their 6A tax payments be capped at the Chapter 59 level, the amount that would be payable to the City of Boston had the project not been exempted from taxation pursuant to Chapter 121A and further has agreed to a minimum payment in-lieu of tax of 10% of gross income.

Enclosed herewith is a copy of the Application for the First Amendment with Exhibits "A", "B" and "C", filed with the Authority by the Chauncy House Partnership and dated May 9, 1989.

Also enclosed is a copy of a letter, dated May 10, 1989, from the Commissioner of Assessing, Thaddeus J. Jankowski, Jr., in which he states his support for the proposed 6A Contract Amendment subject to an appropriate monitoring mechanism, to insure that the benefits of the payment reduction are directly and permanently realized by the project tenants, being incorporated in the final amendment and in the Regulatory Agreement with the Authority.

The Office of General Counsel has determined that there are no fundamental changes to the Project which would require a public hearing.

The proposed First Amendment to the Report and Decision is enclosed and it is recommended that this document be adopted as presented. An appropriate vote follows:

VOTED: That the document presented at this meeting, entitled: "FIRST AMENDMENT TO THE REPORT AND DECISION ON THE CHAUNCY HOUSE PROJECT UNDER MASSACHUSETTS GENERAL LAWS (Ter. Ed.), CHAPTER 121A, AND CHAPTER 652 OF THE ACTS OF 1960, BOTH AS AMENDED", be and hereby is approved and adopted.



May 10, 1989

Board of Directors
Boston Redevelopment Authority
Boston City Hall
Boston, MA

Re: Application for Approval of A First Amendment to
the Report and Decision Authorizing Chauncey House
Company

Dear Board Members:

Chauncey House Company has filed an application seeking authorization to amend the current 6A contract with the City of Boston. I am writing to re-iterate my conditional support as expressed in my May 18, 1988 letter to Stephen Coyle, Director of the Boston Redevelopment Authority.

John R. Gallagher, III, general partner, State Street Development Company, has written that the amendment is needed to enable Chauncey House to install an automatic sprinkler system that has been mandated. Additionally, Chauncey House is facing fiscal problems created in part by the high level of payments required under the current 6A contract.

The amendment is intended to enable Chauncey House to carry out needed capital projects and to maintain affordable housing. The proposed contract amendment expressly provides "the full amount of the savings to owner resulting from this Amendment will inure to the benefit of Project residents. . ."

However, before entering into the contract amendment, an appropriate monitoring mechanism must be developed to insure that the benefits of the contract amendment are directly and permanently realized by the project residents. This mechanism must be incorporated into both the regulatory agreement with the B.R.A. and the 6A contract with the City.

Thank you for your attention to this matter.

Very truly yours

Thaddeus J. Jankowski, Jr.
Commissioner

APPLICATION OF CHAUNCY HOUSE COMPANY FOR APPROVAL OF A FIRST AMENDMENT TO THE REPORT AND DECISION, AUTHORIZING AND APPROVING THE CHAUNCY HOUSE PROJECT UNDER MASSACHUSETTS GENERAL LAWS, CHAPTER 121A AND ST. 1960, C.652, BOTH AS AMENDED

The undersigned, the General Partners of the Chauncy House Company, a Massachusetts limited partnership (the "Applicant" and "Chauncy House Partnership"), hereby apply to the Boston Redevelopment Authority (the "Authority") on behalf of the Applicant for approval by the Authority of a First Amendment to the Report and Decision (the "Report and Decision"), on the Chauncy House Project (the "Project"), which was previously authorized and developed pursuant to Chapter 121A of the General Laws and Chapter 652 of the Acts of 1960, both as amended (hereinafter referred to collectively as "Chapter 121A").

By this Application, the Applicant makes the representations, and requests the specific changes to the Report and Decision, required by Chapter 121A, as set forth below:

1. The Applicant hereby represents that in connection with the Project a certain agreement with the City of Boston, entitled "Agreement Between The City Of Boston And Chauncy House Company under Mass. G.L. c. 121A, Sec. 6A", was executed as of June 1, 1975 (the 6A Contract"). A copy of the 6A Contract is attached hereto as Exhibit "A" and is incorporated as a part hereof. This 6A Contract sets forth the formulae for annual payments to the City of Boston in accordance with Section 6A of Chapter 121A, and the contract is in effect for a period of forty (40) years from and after the original approval of the Project.

2. The Applicant further represents the following: (a) by letter to the Authority, dated March 30, 1988, the Applicant requested an amendment to the 6A Contract for the reasons set forth therein; (b) by letter to the Authority, dated May 18, 1988, the Commissioner of Assessing, City of Boston (the "Assessing Commissioner"), supported the beforementioned amendment subject to the addition of provisions to insure that the overall reduction in 6A Contract payments would directly benefit the Project's tenants and

that the Project would be properly maintained; and (c) by letter to the Authority, dated October 21, 1988, from the Chief of Loan Management, Department of Housing and Urban Development-Regional Office ("HUD"), HUD indicated in part that the reduction in 6A Contract payments would stabilize or lower the rent levels for Project tenants and that HUD would continue to monitor the Project. Copies of the beforementioned letters are attached hereto in Exhibit "B" (respectively "B-1", "B-2" and "B-3") and incorporated as a part hereof.

3. The Applicant hereby requests that the Authority adopt a First Amendment to the Report and Decision on the Project which authorizes and/or approves, as a change in the Project, an amendment to the 6A Contract, by and between the City of Boston and the Chauncy House Partnership, substantially in the form as attached hereto as Exhibit "C" and which is incorporated as a part hereof (the "6A Contract Amendment"). This 6A Contract Amendment is acceptable to the Assessing Commissioner.

4. No other changes to the Project and/or the Report and Decision are requested.

Executed as a sealed instrument.

CHAUNCY HOUSE COMPANY

By: Walter K. Winchester
Walter K. Winchester, General Partner

DATE: 5/9/89

By: John R. Gallagher
John R. Gallagher, General Partner

DATE: 5/9/89

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, SS

May 9, 1989

Then personally appeared before me the above-named, Walter K. Winchester, in his capacity as General Partner of the Chauncy House Company, who executed the foregoing Application and acknowledged the same to be his free act and deed.

John M. Senese
Notary Public
My Commission Expires: 11/9/95

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, SS

May 9, 1989

Then personally appeared before me the above-named, John R. Gallagher, III, in his capacity as General Partner of the Chauncy House Company, who executed the foregoing Application and acknowledged the same to be his free act and deed.

John M. Senese
Notary Public
My Commission Expires: 11/9/95

WHEREAS, the Owner has completed the rehabilitation of the Project and the units therein are presently available for occupancy

NOW, THEREFORE:

1. The Owner agrees with the City as follows:

(a) To carry out the Project by rehabilitating, constructing, maintaining and managing the same in accordance with the Application, the provisions of Massachusetts General Laws, Chapter 121A, as now in effect, and the Minimum Standards for Financing, Construction, Maintenance and Management of the Project all as set forth in the Report and Decision of the Authority approving said Project.

(b) To perform all of the obligations as Owner under the Regulatory Agreement required pursuant to the provisions of Massachusetts General Laws, Chapter 121A, Section 18C.

(c) To pay to the Commonwealth of Massachusetts with respect to each of the remaining years of the forty years during which the Project is subject to said Chapter 121A, the urban redevelopment excise tax required under Section 10 of said Chapter 121A.

(d) To pay to the City with respect to each of the remaining years of the forty calendar years next following the year in which the Project is subject to said Chapter 121A the respective amounts, if any, by which the amounts hereinafter set forth exceed the excise payable for such calendar year pursuant to Section 10 of said Chapter 121A as now existing:

For each such year commencing with the calendar year 1975, seventeen percent (17%) of the gross income of the Project, as hereinafter defined, in such year. The phrase "gross income of the Project", as used herein shall be deemed to mean the aggregate of the rentals received by the Owner, exclusive of any and all payments received by the Owner on behalf of eligible occupants as an assistance payment pursuant to Section 236 of the National Housing Act for the purpose of reducing mortgage interest.

Any payments which may become due to the City on account of the provisions of paragraph (d) of this Section 1 shall be paid to the City on or before the first day of April of the year next following the year with respect to which such payment is made. Any overpayment applicable to one calendar year shall, at the election of the City be either refunded or applied by the City to reduce the payments due in the next calendar year except that with respect to the last calendar year in the forty-year period referred to above any overpayment by the Owner shall be refunded by the City.

(e) To file with the Assessors within fifteen (15) days of the end of each calendar year during which this contract is in effect a statement of the income and expenses of the Project, and the amounts invested in the rehabilitation of the Project.

(f) To file with the Assessors within ninety (90) days of the end of each calendar year during which this contract is in effect an audited report, prepared by a Certified Public Accountant,

consisting of a statement of profit and loss, a balance sheet, and a statement of receipts and disbursements for the preceding calendar year, and a certified copy of the Owner's urban redevelopment excise tax return as submitted to the Department of Corporations and Taxation.

(g) To submit to the Commissioner of Assessing or his designated representative written authorization to examine all urban redevelopment excise tax returns and attachments thereto filed by the Owner with the Department of Corporations and Taxation

2. The undersigned Assessors of the City of Boston pursuant to the authority conferred upon them by the last paragraph of Section 10 of Chapter 121A of the General Laws, hereby determine and shall certify to the State Tax Commission and to Chauncy House Company pursuant to the provisions of the second paragraph of said Section 10 of said Chapter 121A in each of the remaining years of the forty calendar years next following the year in which said Chauncy House Company is organized pursuant to the provisions of said Chapter 121A, a maximum fair cash value of the Project which, when used in the annual computation of the urban redevelopment excise pursuant to said Section 10, will in no event result in an excise greater than the amount agreed to be paid to the City for such year pursuant to Section 1(d) hereof.

3. The Owner shall not be held in any way liable for delays which may occur in the construction, repair, management and maintenance of the Project, or otherwise, by reason of scarcity of materials or labor, labor difficulties, damage by fire or other

casualty, inability to obtain necessary government approvals or any other cause beyond the Owner's reasonable control.

4. The parties hereto agree that, without mutual consent, any amendment subsequent to the delivery of this contract, of any of provisions of said Chapter 121A of the General Laws or of the Minimum Standards now applicable to the Project shall not affect the Project.

5. If the Owner or the Massachusetts Housing Finance Agency propose, acting either under the provisions of the last paragraph of Section 11 or under Section 16A of said Chapter 121A, to transfer the Project to a different entity, this contract shall, upon such transfer be terminated and the Owner be released from all obligation under this contract and under said Chapter 121A. The City, insofar as its approval may be required of such entity or such transfer or in the matters in connection therewith, hereby approves the same. This contract shall terminate when the Owner's obligations under the Regulatory Agreement terminate.

6. The provisions of this contract shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, except that nothing herein contained shall apply in the event a successor in interest elects option 3 under the provisions of Section 16A of said Chapter 121A as now in effect and that in case of a transfer or termination as contemplated by Section 5 of this contract, Owner shall thereupon cease to be liable hereunder.

7. No general or limited partner of the Owner shall have any personal liability for the obligations of the Owner under this contract beyond his capital contribution to the Owner.

EXECUTED as a sealed instrument the day and year first above written.

CITY OF BOSTON

BY: *Kevin H. White*
Kevin H. White,
Mayor

BOARD OF ASSESSORS

BY: *Bernard Shadrawy*
Bernard Shadrawy
Commissioner of Assessing

CHAUNCY HOUSE COMPANY

BY: *Walter K. Winchester*
Walter K. Winchester,
General Partner

BY: *John R. Gallagher, III*
John R. Gallagher, III
General Partner

APPROVED AS TO FORM:

BY: *Herbert Gleason*
Herbert Gleason,
Corporation Counsel

488 COMMONWEALTH AVENUE
BOSTON, MASSACHUSETTS 02215

Exhibit "B-1"

TELEPHONE: 617-262-9800

March 30, 1988

Mr. Paul McCann,
Executive Assistant to the Director
BOSTON REDEVELOPMENT AUTHORITY
City Hall - Room 927
Boston, MA 02201

Dear Mr. McCann:

RE: Chauncy House Company, 115 Chauncy Street

The purpose of this letter is to request relief from the provisions of a 6A tax agreement with the City of Boston which is resulting in low income tenants paying higher rent caused by a tax formula which exceeds that intended by the 121A statute.

It is our understanding that the payment in lieu of taxes resulting from a 121A and 6A tax agreement should not be higher than the tax assessment if the project were not subject to such tax agreements.

In the case of Chauncy House Company, a Section 236 project, the present payment formula of 17% residential rental income in the amount of \$78.7 represents \$905 per apartment unit, which appears excessive compared to taxes paid on non-121A developments. An analysis prepared by MHFA of taxes paid by non-121A MHFA developments in the City of Boston for 1984 concluded that the per unit real estate taxes averaged \$490.

In addition, the \$905 taxes per unit appears contrary to the City's effort outlined in the Chinatown Community Plan to provide affordable housing. Since this project is a HUD-assisted 236 development, all increases in operating expenses are the responsibility of the residents and are passed onto the residents in the form of increases in rent.

The project has 87 apartment units, which consist of 22 studio units with a HUD-approved basic rent of \$431 and 65 one-bedroom units with a HUD-approved basic rent of \$493. A substantial number of the units at Chauncy House are occupied by Asian residents, and the project is located at the corner of Chauncy and Essex Streets in the Chinatown area.

Mr. Paul McCann - BRA
RE: Chauncy House - Boston
March 30, 1988 - p. 2

The general partners of Chauncy House are also the general partners of seven other 121A developments having 6A contracts with the City of Boston. A summary of these developments, all of which receive Section 8 assistance, which provides for rent increases to be paid by the federal government, and their 1987 taxes is as follows:

<u>Project</u>	<u>1987 Taxes</u>	<u>#Units</u>	<u>Taxes per Unit</u>
St. James Company	\$137,577	193	\$713
Blackstone	\$140,294	145	\$968
Symphony Plaza East	\$124,196	188	\$661
Symphony Plaza West	\$144,140	216	\$667
Mason Place	\$ 90,096	129	\$698
Stearns	\$124,065	140	\$886
Kenmore Abbey	\$113,130	199	\$570

Each of the 6A contracts for these seven Section 8 Developments contains a clause indicating that the owner will not be required to make a 6A payment which will result in a tax in excess of the tax which would be owed by the project if it was not a 121A project. However, the Chauncy House project, which was the first 121A project developed by its general partners, did not contain such language, and the tax burden is borne directly by the tenants.

Chauncy House Company has been advised by the City of Boston Fire Department that it is required to install automatic fire sprinklers in each apartment to conform to recently enacted legislation, and preliminary estimates of the cost to install the system are between \$350,000 and \$400,000. Assuming a cost of \$350,000, and that the funds are borrowed at 10% with a 15-year term, the annual debt service would be \$45,150, which would require an increase in rents of \$54,400 (\$52 per unit per month) to pay the City 17% of the increased rents and have \$45,150 available to meet the required debt service.

The financial operation of the project for 1987 resulted in a modest cash flow deficit of approximately \$1,200 so the project does not have an existing cash flow from operations to fund the debt service for this legally mandated sprinkler system.

We request that the 6A contract of Chauncy House be amended to incorporate a clause that the 6A payment will not be required if it results in a tax in excess of the tax which would result if the project was not subject to the 121A tax. A copy of this proposed amendment is enclosed.

Mr. Paul McCann - BRA
RE: Chauncy House - Boston
March 30, 1988 - p. 3

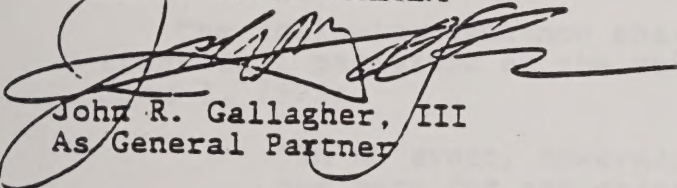
Such a clause in the 6A contract for 1987 would result in real estate taxes of \$54,007 rather than \$86,644 as currently required by the 6A contract. The reduction of \$32,637 would represent a savings of \$31 per month for each tenant.

We feel that this amendment would be consistent with other 6A contracts executed with the City as outlined above and would also be consistent with the City's desire to provide affordable housing to the Chinatown area as outlined in the Chinatown Community Plan.

We would be pleased to provide you with any additional information you may require.

Sincerely,

CHAUNCY HOUSE COMPANY



John R. Gallagher, III
As General Partner

/jdl

cc: Mr. Thaddeus J. Jankowski, Jr.
Commissioner, Assessing Department
Boston City Hall
City Hall Plaza
Boston, MA 02201

Mr. Richard A. Cohen, Member
Board of Review
Assessing Department (Rm. 301)
Boston City Hall
Boston, MA 02201

All w/enc.

AMENDMENT OF AGREEMENT
UNDER MASSACHUSETTS GENERAL LAWS CHAPTER 121A SECTION 6A
BETWEEN THE CITY OF BOSTON
AND
CHAUNCY HOUSE COMPANY

On June 1, 1975, Chauncy House Company, a Massachusetts limited partnership (the "Owner") and the City of Boston, a municipal corporation of The Commonwealth of Massachusetts (the "City") acting under Massachusetts General Laws Chapter 121A Section 6A entered into a contract with respect to payments to be made to The Commonwealth of Massachusetts and the City of Boston in lieu of real estate taxes, in connection with the approval by the City of the rehabilitation of the building described therein into 87 dwelling units and ancillary commercial space as a Project under Chapter 121A of the Massachusetts General Laws.

The parties desire to amend the contract to reflect certain changes which will make it consistent to other similar contracts executed by the City under Section 6A of Chapter 121A.

Therefore, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

The following sentence shall be added at the end of the first full paragraph on the third page of the contract dated June 1, 1975:

"In no event, however, shall the Owner be required to pay more for any calendar year than the amount which would have been payable to the City of Boston had the real estate and improvements thereon in the Project Area not been exempted from taxation."

Except as herein amended the contract is hereby ratified and affirmed.

Executed under seal this day of
1988.

CHAUNCY HOUSE COMPANY

By: _____
Walter K. Winchester
General Partner

By: _____
John R. Gallagher, III
General Partner

CITY OF BOSTON

By: _____

Boston

Raymond L. Flynn, Mayor

May 18, 1988

Mr. Stephen Coyle
Boston Redevelopment Authority
City Hall 9th floor
Boston, Massachusetts 02201

Re: Chauncy House Company 121A Project
115 Chauncy Street, Boston MA

Dear Steve,

I received a letter from John R. Gallagher III, General Partner of State Street Development Company of Boston. Mr. Gallagher has requested our support in approving an amendment to the Chauncy House Ch.121A, Sec.6A Contract. Enclosed was a copy of a letter sent to Paul McCann and a proposed 6A contract amendment.

It is my understanding from Mr. Gallagher's letter that this project is fiscally distressed due to the same circumstances that are impacting the M.H.F.A. monitored properties. Chauncy House's present 6A payment formula requires them to make an annual payment of 17% of the gross income of the project.

Mr. Gallagher also states that Chauncy House has been required by the City of Boston Fire Department to install an automatic sprinkler system at a cost of between \$350,000 - \$400,000. He claims that those two issues have created a financial hardship for his corporation, whose increased costs will be passed on to the tenants in the form of higher rents. Chauncy House is now seeking an amendment to their agreement to reduce their payment to purportedly avoid raising rents.

I have enclosed a copy of the amended 6A contract that Chauncy House has proposed.

S. Coyle, BRA
Chauncy House
5/18/88

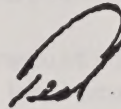
Page 2.

I have no objections to amending the contract provided the money is used to directly benefit the tenants and the 6A Contract is properly monitored. Clearly this draft amendment does not accomplish these goals. I would like to draw upon the expertise of the B.R.A. in this matter. I am requesting that your staff review this proposal, and recommend both applicable language for the agreement and a monitoring mechanism that will ensure the financial protection of the tenants involved.

I wish to add that Mr. Gallagher has always provided our department with accurate and timely financial information relative to his projects.

Thank you for your anticipated assistance in this matter and please give me a call if any problems are encountered.

Very truly yours,



Thaddeus J. Jankowski, Jr.
Commissioner

TJJ/rc/rv

Enclosure

cc: John R. Gallagher III

1774M

OCT 21 1988

Mr. Stephen Coyle
Director
Boston Redevelopment Authority
City Hall
Boston, MA 02201

Dear Mr. Coyle:

RE: CHAUNCY HOUSE - 115 CHAUNCY STREET, BOSTON, MA
PROJECT # 023-44183

Chauncy House Company has requested that we outline for you the effect of a reduction of the 121A tax on the above-captioned project from the current 17% of rental income to 10% of rental income. Based on 1987 operations, the reduction would result in an annual tax at a 10% rate of \$50,967 or \$35,677 lower than the \$86,644 tax at a 17% rate.

Initially, the savings from a reduction on the 121A tax would be used to reduce the costs which will be incurred by the project during 1989 resulting from the installation of a sprinkler system in each apartment unit. It is our understanding that the current estimated cost is between \$200,000 and \$225,000, that the system is presently being designed, and that actual construction will commence in about two months. The system is required by the City of Boston Fire Department.

In the long-term, however, the reduction would reflect in lower rents paid by the residents. A reduction in the annual 121A tax of \$35,677 (based on 1987 income) would result in a lower annual rent of approximately \$410 per apartment unit (\$34 per unit per month) commencing with the rent schedule established by HUD subsequent to the City's approval of the reduction.

Each time an owner requests permission for a rent increase from HUD, we review the proposal and do not allow any increase which would result in a return to the owner which is greater than the originally established return. In the case of Chauncy House, the return is limited to \$13,352 per year.

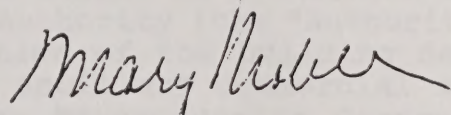
Accordingly, by including the lower 121A tax in the operating budget, and by limiting the cash flow from operations to the \$13,352 annual maximum, the savings from the reduction on the 121A tax would in effect result in the establishment of a rent to be paid by the residents which is lower than the rent which they would pay with the higher 121A tax amount.

In addition, we monitor the financial operations of the project each year, including a determination that cash distributions to the owners do not exceed on a cumulative basis the established \$13,352 annual maximum amount.

We also wish to express our support for the lower 121A tax since the tax at the current 17% rate results in a tax per apartment unit which is in excess of the taxes paid by other Section 236 government assisted projects which are not subject to 121A contracts.

If you have any questions please contact me on 565-5448.

Very sincerely yours,



Mary Noble
Chief
Loan Management Branch

cc: Chauncy House Company
488 Commonwealth Avenue
Boston, MA 02215

AMENDMENT OF AGREEMENT
UNDER MASSACHUSETTS GENERAL LAWS CHAPTER 121A, SECTION 6A
BETWEEN THE CITY OF BOSTON
AND
CHAUNCY HOUSE COMPANY

On June 1, 1975, Chauncy House Company, a Massachusetts limited partnership, (the "Owner") and the City of Boston, a municipal corporation of The Commonwealth of Massachusetts (the "City"), acting under Massachusetts General Laws Chapter 121A, Section 6A, entered into a certain agreement with respect to payments to be made to the Commonwealth of Massachusetts and the City of Boston in lieu of real estate taxes, in connection with the approval by the Boston Redevelopment Authority (the "Authority") and the City's Mayor of the rehabilitation of the building described therein into 87 dwelling units and ancillary commercial space as a Project under Chapter 121A of the Massachusetts General Laws, (the "6A Contract"). Collectively, the Owner and the City are hereinafter referred to as the "Parties".

The Parties desire to amend the contract commencing with calendar year 1987. Therefore, for good and valuable consideration, the receipt of which is hereby acknowledged, the Parties hereto agree as follows:

1. On page 3 of the 6A Contract, Section 1(d), after the first full paragraph on said page insert the following paragraphs:

"In no event, however, shall the Owner be required to pay more for any calendar year commencing with calendar year 1987 than the amount which would have been payable to the City of Boston had the real estate and improvements thereon in the Project Area not been exempted from taxation, except that the minimum tax for each such year shall be ten percent (10%) of gross income in such year.

Any reduction in taxes as a result of this Amendment shall be used, in full, to (i) amortize the cost of the installation of a sprinkler system in each apartment unit in the Project as required by the City of Boston; (ii) to amortize the cost of any further improvements to the Project designed to provide for increased safety or improved living conditions for its residents, either mandated by laws of any governmental agency or by prudent management practices, and (iii) above, to reduce the per unit rental cost to residents on a pro rata basis. It is understood and agreed that the full amount of the savings to Owner resulting from this Amendment will inure to the benefit of Project residents as set forth above.

Owner agrees to provide the City of Boston (c/o Boston Redevelopment Authority) with a duplicate copy of its annual financial statements, certified by an independent accountant, at the same time and in the same form as required by the U.S. Department of Housing and Urban Development in connection with its Section 236 government assisted projects."

2. All other terms and conditions of the 6A Agreement remain in full force and effect.

Except as herein amended, the contract is hereby ratified and affirmed.

Executed under seal this ____ day of _____, ____.

CHAUNCY HOUSE COMPANY

By:

Walter K. Winchester
General Partner

By:

John R. Gallagher, III
General Partner

CITY OF BOSTON

By:

Raymond L. Flynn, Mayor

APPROVED AS TO FORM:

Corporation Counsel
City of Boston

DATE: _____

APPROVED BY COMMISSIONER OF ASSESSING
CITY OF BOSTON

Thaddeus J. Jankowski, Jr.

DATE: _____

